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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
FINANCE COMMITTEE**

**MINUTES OF MEETING**

**November 17 and 19, 2008**

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The Finance Committee met on November 17, 2008, and November 19, 2008, in the Robert F. Carlson Auditorium, Lincoln Plaza Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 5:32 p.m. on November 17, 2008, and the following members were present:

Tony Oliveira, Chair  
Terry McGuire for John Chiang, Vice Chair  
Grant Boyken for Bill Lockyer  
Louis F. Moret  
Kurato Shimada

Excused Member(s):  
Henry Jones  
Charles Valdes

Other Board Member(s):  
None

**AGENDA ITEM 2 – APPROVAL OF September 16, 2008, MEETING MINUTES**

The minutes were approved as presented.

**AGENDA ITEM 4 – DRAFT AUDITED FINANCIAL STATEMENTS**

Larry Jensen, Chief Auditor, Russell Fong, Chief, Fiscal Services Division, Alan Lum, Assistant Chief, Fiscal Services Division, Rick Green and Debbie Chan, Macias, Gini, and O'Connell, presented the Draft Audited Financial Statements to the Committee as an action item.

On **MOTION** by Kurato Shimada, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the following:

1. The acceptance of the Basic Financial Statements, the Required Supplemental Schedules, and the Supporting Schedules and Agency Funds, as audited by Macias Gini and O'Connell, LLP, for the year ended June 30, 2008. The Basic Financial Statements shall incorporate Note 11, Subsequent Events, as distributed to the Finance Committee at the November 17, 2008, meeting.
2. The letter of transmittal to the Governor's Office.
3. Direct staff to further enhance the section on Management's Discussion and Analysis, as requested by CalPERS Management, and present this at the December 2008 meeting of the Finance Committee.

Committee Chair Oliveira announce that the meeting would recess and reconvene on Wednesday, November 19, 2008, upon adjournment of the Health Benefits Committee meeting.

The meeting was recessed at 5:40 p.m.

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The meeting was reconvened at 2:17 p.m. on November 19, 2008, and the following members were present:

Tony Oliveira, Chair  
Terry McGuire for John Chiang, Vice Chair  
Grant Boyken for Bill Lockyer  
Louis F. Moret  
Kurato Shimada

Excused Member(s):

Henry Jones  
Charles Valdes

Other Board Member(s):

None

### **AGENDA ITEM 3 – CHIEF AUDITOR'S REPORT**

A matrix was presented reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

## **AGENDA ITEM 5 – OFFICE OF ENTERPRISE COMPLIANCE QUARTERLY STATUS REPORT**

Debbie Bennett, Assistant Division Chief, Office of Enterprise Compliance, presented the quarterly status report to the Committee as an information item.

## **AGENDA ITEM 6 – COMPLIANCE OFFICE REPORT**

Ms. Johnstone presented a matrix reflecting the status of various activities occurring within the Office of Enterprise Compliance to the Committee as an information item.

## **AGENDA ITEM 7 – ASSISTANT EXECUTIVE OFFICER'S REPORT**

Teri Bennett, Assistant Executive Officer, presented a matrix reflecting the status of various activities occurring within the Information Technology Services Branch to the Committee as an information item.

## **AGENDA ITEM 8 – BUDGET INCREASE DUE TO 2008-09 BUDGET CHANGE PROPOSALS (BCP) AND SPRING FINANCE LETTER (SFL)**

Steve Pietrowski, Assistant Chief, Fiscal Services Division, presented the budget increase information to the Committee as an action item

On **MOTION** by Rob Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the following:

1. Accept an increase to the Contingency Reserve Fund of \$1,873,000 and 15.0 positions in the Fiscal Year (FY) 2008-09 Administrative Budget and recommend the Board of Administration approve this revised budget.
2. Approve the transmittal of this agenda item to the Joint Legislative Budget Committee and the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with the FY 2008-09 Budget Act, and to the Legislative Analyst's Office and the State and Consumer Services Agency.
3. For the 15.0 positions approved through this action, except for those positions which are already filled, the remaining positions shall not be filled until approved by the Board of Administration.

## **AGENDA ITEM 9 – FISCAL YEAR 2008-09 MID-YEAR BUDGET REVISIONS (FIRST READING)**

Russell Fong, Chief, Fiscal Services Division, presented the mid-year budget revisions to the Committee as an action item.

On **MOTION** by Kurato Shimada, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the following:

1. Acceptance of the proposed CalPERS Fiscal Year (FY) 2008-09 cost allocation adjustments to the Public Employees' Retirement Fund (PERF), and other funds, and the cost allocation as a first reading.
2. Acceptance of the proposed CalPERS FY 2008-09 mid-year increase of \$2,292,000 to the Enterprise Projects Budget for a total budget of \$145,545,000 and the Budget as a first reading.
3. Acceptance of the proposed FY 2008-09 mid-year increase of \$700,000 to the CalPERS Headquarters Building Account (CHBA) Budget for a total budget of \$36,881,000 and the Budget as a first reading.
4. Staff's recommendation to transmit agenda item to the Joint Legislative Budget Committee and the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with the FY 2008-09 Budget Act, and to the Legislative Analyst's Office and the State and Consumer Services Agency.

#### **AGENDA ITEM 10 – ASSISTANT EXECUTIVE OFFICER REPORT**

Mr. Hiber presented the annual calendar and a matrix that reflected the status of various activities to the Committee as an information item, and provided a draft 2009 Board Member Election Schedule.

#### **AGENDA ITEM 11 – PROPOSED DECEMBER 2008 AGENDA**

The proposed agenda for December 2008 was approved as presented.

#### **AGENDA ITEM 12 – PUBLIC COMMENT**

There was no public comment.

The next Finance Committee meeting is scheduled for December 16, 2008, in Sacramento, California.

Date: \_\_\_\_\_

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KENNETH W. MARZION  
Interim Chief Executive Officer